PART 2: FINANCIAL DISCLOSURE
INTRODUCTION

• The objective of the Financial Disclosure Framework is to:
• (i) identify and manage conflict of interest situations for members of the SMS
• (ii) ensure transparency and accountability (good governance)
• Public Service Regulations, 2016 provide that the MPSA can determine other employees or categories of employees to disclose their financial interests
## CHANGES BROUGHT BY REGULATIONS, 2016

<table>
<thead>
<tr>
<th>PUBLIC SERVICE REGULATIONS, 2001</th>
<th>PUBLIC SERVICE REGULATIONS, 2016</th>
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<tbody>
<tr>
<td>Designated employees - SMS members</td>
<td>SMS members + all other categories determined by the Minister for Public Service</td>
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<td>Disclosure to the Executive Authority (EA)</td>
<td>Introduced a dual disclosure system of disclosure</td>
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<td>• SMS members disclose to the HOD</td>
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<td>• HOD disclose the EA</td>
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<td>Disclosure form - paper-based (eDisclosure used on voluntary basis)</td>
<td>eDisclosure system is compulsory</td>
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<td>Disclosure categories list excluded other forms of financial interests</td>
<td>Disclosure categories list expanded to include trusts, loans, interest-bearing assets &amp; vehicles</td>
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<td>Verification and assessment of conflict of interest done by the PSC</td>
<td>Verification of SMS disclosure will still be sent to PSC for verification. Verification of disclosure by other categories of employees is the responsibility of the department.</td>
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<td>A new reporting requirement: HOD to report to the Minister (Regulation 21(d) - Not later than 31 August)</td>
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DISCLOSURE BY MEMBERS OF THE SMS

- Disclosure period for SMS members: 1 - 30 April.
- Period covered by the disclosure: 1 April - 31 March.
- Submission to PSC - 31 May
- Verification and assessment of conflict of interest - remains the responsibility of the PSC
- Newly appointed SMS members: 30 days after assumption of duty. Submission to PSC - 30 days after the disclosure has been made
DISCLOSURE BY OTHER CATEGORIES OF EMPLOYEES

• Implementation will be determined by the Minister. The following will be prescribed:
• Categories of employees to disclose
• Disclosure period
• Disclosure form
• Period to be covered by the disclosure
• Disclosure by newly appointed employees falling into that category / those categories
SHARES, LOANS AND OTHER FORMS OF EQUITY

• A share is a unit of ownership in a public corporation (MTN, Vodacom...)
• Types of shares:
  • (i) Common / ordinary shares
  • (ii) Preferential shares
• Exclude financial interest arising from investment in a mutual, pension or other institutional investment fund e.g. insurance policies and unit trusts, stokvels or any other form of informal grouping where members contribute periodically for whatever purpose.
• If shares are stated as a % convert them into a number
• Nominal value of shares - amount spent to buy the shares
• Equity: A stock or ownership representing ownership interest in a private company (a share in a private company).

• Loans - Long-term personal loans (12 months) excluding vehicle finance and bonds, retail and credit card debt.

• Other financial interests include royalties - a payment to an owner for the use of his/her assets (including property) e.g. published books, patents, franchises, rental income, and recorded music.

• A beneficiary of a trust has other financial interests
DIRECTORSHIP / PARTNERSHIP

• Director: elected, appointed or elected member of the board
• Partnership: a legal form of business operation between two or more individuals who contractually share mng and profits
• Include consultancy companies, companies dealing with property development or rental, trucking or any other transport company.
• Type of business - activities which the company is undertaking with its operations e.g. cleaning, security, construction, transport, etc
CONSULTANCY / RETAINERSHIP

• Consultancy refers to the provision of professional services or expert advise to an organisation and receiving remuneration for such e.g. an accountant or tax advisor

• Retainership is a form of employment where a person is available for advise and / or providing services to an organisation on a retainer basis e.g. lawyers

• Retainership services are somehow pre-booked and could be required within short notice. A monthly or annual fee is paid to secure such services

• A consultant provides professional expertise or advice on a specified contractual period.
• Trust: a contractual arrangement that allows a third party (trustee) to hold assets on behalf of a beneficiary

• Participation in a trust: Trustee, founder, or beneficiary

• Some trusts are registered as companies. Disclose it also under directorship / partnership.

• Trusts are registered with Master of High Court given a reference number. That number and the region in which the trust is registered need to be disclosed.
OTHER REMUNERATIVE WORK

• **Important note:** If remuneration is received for (directorship /partnership), consultancy/retainership, and being a trustee approval for other remunerative work is necessary

• Other activities include: members of audit committees or any other committee, lecturers, tutors, pastoral work, and professionals doing work outside their departments

• This list is not exhaustive

• Proof of approval should be uploaded on eDisclosure system

• A beneficiary of a trust has “other financial interests” - need not apply for other remunerative work
OTHER CATEGORIES OF FINANCIAL INTERESTS

• Income-generating assets: Assets which provides income e.g. a property, vehicles, machinery, and sound systems

• Sponsorship: receiving support (wholly or partly), in cash/kind from another individual, company or any other organisation (sponsor) for your own benefit or for benefit of immediate family members e.g. trips, school fee, conferences, etc

• Gifts and hospitality: Gifts or hospitality received as a form of common courtesy while on duty
OTHER CATEGORIES OF FINANCIAL INTERESTS

• Gifts exclude loyalty points, conference packs or gifts / hospitality received from the employer (while attending functions organised by the employer)
• Immovable property
• Vehicles
• If the property or vehicle is used for income-generation, it should be disclosed on both categories
TRANSGRESSIONS TO THE FINANCIAL DISCLOSURE

• Failure to disclose on time (by 30 April). The SMS member is still expected to disclose
• Failure to disclose
• Incomplete disclosure
• False and inaccurate information
• Consequences: Acts of misconduct and therefore the SMS member must be disciplined
OBLIGATIONS OF HEADS OF DEPARTMENTS (HODs)

• shall keep a register of any other designated employees’ interests who are not SMS members
• shall no later than 31 August of each year report to the Minister on—
  (i) No. of cases identified in terms of sub-regulation (2)(b);
  (ii) whether any steps were taken;
  (iii) if steps were taken, a description of those steps; and
  (iv) if no steps were taken, reasons thereof.
ACCESS TO THE DISCLOSED INFORMATION

• The Minister;
• the executive authority to whom the form is submitted;
• the head of department to whom the form is submitted;
• Commissioners of the Commission;
• The Director-General: Office of the Public Service Commission (keeps the register for SMS members);
• The Director-General: Public Service and Administration (eDisclosure system administrator);
ACCESS TO THE DISCLOSED INFORMATION

• The relevant designated ethics officer as contemplated in regulation 23; and

• such other persons designated by the Minister, an executive authority, head of department or the chairperson of the Commission for purposes of record keeping and the effective implementation of this Part.

• No person who has access to a submitted form or the register may, except when a court so orders, disclose any information in that form or register to anyone (PAI Act, 2000)
Dankie / Thank you / Ngiyathokoza
Enkosi / Ngiyabonga / Ke a leboga
Ke a leboha / Ndi a livhuwa
Ndza khensa